CHAPTER VI

ANALYSIS OF EMPLOYMENT GENERATION
AND STANDARD OF LIVING

EMPLOYMENT GENERATION BY PRIORITY SECTOR ADVANCES

The main objective of priority sector lending is to assist the poor households in improving their income yielding as well as employment generating assets. The nature and extent of employment generation through priority sector advances are discussed hereunder.

Priority sector advances had resulted in creating additional employment by way of maintenance and operation of the assets acquired. As these assets were looked after or managed by the beneficiary himself with the assistance of the members of his family, the man hours of work put in by the household increased after the acquisition of assets. In order to assess the nature and extent of employment generation resulting from priority sector advance, particulars regarding employment were analysed and the results are presented in Table 6.1.
TABLE 6.1

Schemewise Employment Generation in the Sample Beneficiary Households

(Mandays per year)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Scheme</th>
<th>No. of households</th>
<th>Additional days employed per households</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Business</td>
<td>35</td>
<td>405</td>
</tr>
<tr>
<td>2.</td>
<td>Industry</td>
<td>23</td>
<td>355</td>
</tr>
<tr>
<td>3.</td>
<td>Milch Animals</td>
<td>59</td>
<td>354</td>
</tr>
<tr>
<td>4.</td>
<td>Sheep rearing</td>
<td>42</td>
<td>236</td>
</tr>
<tr>
<td>5.</td>
<td>Service</td>
<td>32</td>
<td>231</td>
</tr>
<tr>
<td>6.</td>
<td>Bullock Cart</td>
<td>49</td>
<td>226</td>
</tr>
<tr>
<td>7.</td>
<td>Plough Bullocks</td>
<td>40</td>
<td>175</td>
</tr>
<tr>
<td>8.</td>
<td>Pump set</td>
<td>15</td>
<td>69</td>
</tr>
<tr>
<td>9.</td>
<td>Biogas</td>
<td>17</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>312</strong></td>
<td><strong>258</strong></td>
</tr>
</tbody>
</table>

Source: Primary Data.
It could be observed from Table 6.1 that the three schemes resulted in the average employment generation of 258 mandays in a year. Women, children, and those members of the household who could not work in the fields operated the units and thus contributed to the income of the households.

The details on the categorywise employment generation of priority sector units among sample beneficiary households are presented in Table 6.2.

It can be seen from Table 6.2 that in overall the mandays generated in a year were 258. Employment generation in the case of scheduled caste households (244.04 mandays) was lesser than that in the non-scheduled castes households (265.83 mandays). Among the five categories of beneficiary households the average mandays generated was the highest in the category of ISB. It could also be observed that the non-agricultural labour and agricultural labour categories devoted more time than the categories of marginal farmer and small farmer categories in the maintenance and operation of priority sector units. This is in line with the observation of Pandey et al. that IRDP assistance had resulted in significant improvement in mandays employed in all the categories except small farmers and employment generation was found to be more in the case of

TABLE 6.2

Categorywise and Castewise Employment Generation in the Sample Beneficiary Households

*(mandays per year)*

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>NSC</th>
<th>SC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Non Agricultural Labourers</td>
<td>221.25</td>
<td>231.00</td>
<td>224.50</td>
</tr>
<tr>
<td>2.</td>
<td>Agricultural Labourers</td>
<td>231.50</td>
<td>211.75</td>
<td>224.37</td>
</tr>
<tr>
<td>3.</td>
<td>Marginal Farmers</td>
<td>198.75</td>
<td>179.65</td>
<td>191.25</td>
</tr>
<tr>
<td>4.</td>
<td>Small Farmers</td>
<td>192.55</td>
<td>219.90</td>
<td>198.16</td>
</tr>
<tr>
<td>5.</td>
<td>I S B</td>
<td>468.15</td>
<td>423.30</td>
<td>453.77</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>265.83</td>
<td>244.04</td>
<td>258.36</td>
</tr>
</tbody>
</table>

*Source: Primary Data.*
landless respondents mainly due to the continuance of the practice of hiring out human as well as camel and cart services and acquisition of sheep scheme which was observed as the highest labour absorptive activity.

Thus it can be inferred that priority sector lending has resulted in sizable employment generation and it was the highest in business unit. Employment generation was more among the non scheduled caste households than among the scheduled caste households. So, it can be inferred that the SC/ST and other weaker sections to whom the Priority Sector lending is meant, had not reaped the benefits.

However, it is pertinent to note that all sample respondents expressed uniformly that the assets generated sizable employment and income to the households. The womenfolk of the sample households reported that their loan assistance had changed the attitude of the male members of the family who were originally accustomed to spend their leisure time by playing cards, drinking and gossip. But with the acquisition of assets like Milch animals, bullock carts, sewing machines and lathes they were more bent upon maintaining these assets. More than 80 per cent of the sample households revealed that they were utilising the major portion of additional income derived through the loans for better food, better clothes, for recreation and education.
Standard of Living of the Beneficiary Households

Consumption of necessaries, comforts and luxury goods determine the standard of living of the people. Generally as income increases people tend to consume more of the items of comforts and luxury. Increase in income influences the standard of living of people through their expenditure on goods and services. The pattern of expenditure indicates the manner in which the income is spent on goods and services by the individuals and households as well. Therefore the expenditure pattern of the sample beneficiary households was analysed to gain insight into the nature of the households' consumption pattern and the results are presented and discussed.

Expenditure Pattern

The normal items of expenditure for a household are food, clothing, shelter, education, health care, transport, social, cultural and religious functions, personal expenses like pan, toilet articles, beedi, cigarettes, etc. recreation like cinema and durable consumer goods. The various items of expenditure of the sample beneficiary households were grouped into five categories viz. food, non-food, socio-religious and cultural, liquor and narcotics, and recreation. The details on the average amount spent on these items by the sample households are presented in Table 6.3.

It can be seen from Table 6.3 that in overall 48.89 per cent of the total expenditure was on food, followed by non food (34.13 per cent)
### TABLE 6.3
Categorywise and Castewise Expenditure Pattern of the Sample Beneficiary Households (in Rupees)

| Sl. No. | ITEMS OF EXPENDITURE | Non-Agri. Labourers NSC | SC | Agriculture Labourers NSC | SC | Marginal Farmers NSC | SC | Small Farmers NSC | SC | ISB NSC | SC | Overall NSC | SC | Total NSC | SC |
|---------|-----------------------|--------------------------|----|---------------------------|----|------------------------|----|--------------------|----|---------|----|-----------|----|-----------|----|---------|----|
| 1. FOOD |                       | 2743.15                  | 2132.38 | 2368.92                  | 2594.28 | 2371.78                | 2135.75 | 2564.74            | 2621.09 | 2655.69 | 1870.97 | 2470.53 | 2385.28 | 2441.20 |
|         | Percentage to the total | 52.95                    | 46.75 | 49.35                     | 51.95 | 45.01                  | 46.74 | 43.36              | 51.65 | 49.99   | 49.15 | 47.63     | 50.62 | 48.59     |
| 2. NON-FOOD |                   | 1722.57                  | 992.07 | 1739.61                  | 1545.58 | 2074.06                | 1659.06 | 2244.08            | 1552.50 | 1910.36 | 1282.46 | 1842.59 | 1469.21 | 1714.5   |
|         | Percentage to the total | 33.25                    | 21.75 | 36.24                     | 30.95 | 39.36                  | 36.31 | 37.94              | 33.12 | 35.96   | 33.69 | 35.52     | 31.19 | 34.13     |
| 3. SOCIO-RELIGIOUS & CULTURAL | | 220.70                  | 563.31 | 239.53                  | 307.12 | 280.18                | 180.48 | 411.09            | 371.72 | 325.12 | 141.23 | 272.18 | 292.31 | 279.0     |
|         | Percentage to the total | 4.26                     | 12.35 | 4.99                      | 6.15 | 5.29                   | 6.95 | 7.93              | 6.12 | 3.71    | 5.25 | 6.21      | 5.56  |           |
| 4. LIQUOR & NARCOTICS | | 375.60                  | 731.18 | 477.14                  | 376.07 | 326.86                | 359.14 | 389.21            | 191.72 | 227.38 | 393.98 | 403.75 | 398.43 | 401.9     |
|         | Percentage to the total | 7.25                     | 16.03 | 9.94                      | 7.53 | 6.23                   | 7.86 | 6.58              | 4.09 | 4.28    | 10.35 | 7.78      | 8.46  | 8.00      |
| 5. RECREATION | | 118.63                  | 142.31 | 191.05                  | 170.75 | 216.57                | 234.72 | 305.88            | 150.47 | 193.90 | 118.01 | 197.95 | 165.61 | 186.8     |
|         | Percentage to the total | 2.29                     | 3.12 | 3.98                      | 3.42 | 4.11                   | 5.14 | 5.17              | 3.21 | 3.65    | 3.10 | 3.82      | 3.52  | 3.72      |

| TOTAL | 5180.65 | 4561.25 | 5016.25 | 4993.80 | 5269.45 | 4569.15 | 5915.00 | 4687.50 | 5312.45 | 3806.65 | 5187.00 | 4710.84 | 5023.70 |
|-------| 100    | 100    | 100    | 100     | 100     | 100     | 100     | 100     | 100     | 100     | 100     | 100     | 100     |

Note: Figures in the parenthesis denote percentages.
Source: Primary Data.
liquor and narcotics (8.00 per cent), socio-religious cultural (5.56 per cent) and recreation (3.72 percent) in order.

The expenditure on food items per beneficiary households ranged from 1870.97 to Rs. 2743.15. from Rs.992 to Rs.2244.08 on non food, from Rs.180.18 to Rs.563.31 on socio-religious and cultural expenses, from Rs.191.72 to Rs.731.18 on liquor and narcotics and from Rs.118 to Rs. 305.88 on recreation. The expenditure on food was more than 50 per cent in the case of scheduled castes category beneficiary households than among the non-scheduled caste category households. The percentage of share on non food items was 35.52 per cent among non scheduled caste category households and the percentage of share on liquor and narcotics was marginally higher at 8.46 per cent among scheduled castes category households.

Expenditure Pattern per Consumption Unit

The size of the family and the age of the family members determine the amount spent by a household on various items of expenditure. Therefore, the expenditure pattern of the sample beneficiary households per consumption unit was analysed and the details are presented in Table 6.4.

It can be seen from Table 6.4 that in overall the expenditure per consumption unit was Rs.1008.79 per year (Rs.87.07 per month). The expenditure per consumption unit on food was found to be more than that
# TABLE 6.4

Categorywise and Castewise Expenditure Pattern of Sample Beneficiary Households Per Consumption Unit  
(in Rupees)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>ITEMS OF EXPENDITURE</th>
<th>Non-Agr. Labours</th>
<th>Agriculture Labours</th>
<th>Marginal Farmers</th>
<th>Small Farmers</th>
<th>ISB</th>
<th>Overall</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>NSC</td>
<td>SC</td>
<td>NSC</td>
<td>SC</td>
<td>NSC</td>
<td>SC</td>
<td>NSC</td>
</tr>
<tr>
<td>1.</td>
<td>FOOD</td>
<td>540.09</td>
<td>371.30</td>
<td>476.66</td>
<td>555.90</td>
<td>441.57</td>
<td>434.14</td>
<td>494.64</td>
</tr>
<tr>
<td>2.</td>
<td>NON FOOD</td>
<td>339.90</td>
<td>172.20</td>
<td>351.59</td>
<td>330.43</td>
<td>398.63</td>
<td>311.16</td>
<td>451.86</td>
</tr>
<tr>
<td>3.</td>
<td>SOCIO-RELIGIOUS AND CULTURAL</td>
<td>47.25</td>
<td>123.20</td>
<td>49.09</td>
<td>75.80</td>
<td>33.01</td>
<td>56.99</td>
<td>33.01</td>
</tr>
<tr>
<td>4.</td>
<td>LIQUOR AND NARCOTICS</td>
<td>61.29</td>
<td>110.73</td>
<td>61.42</td>
<td>95.56</td>
<td>69.72</td>
<td>66.03</td>
<td>73.70</td>
</tr>
<tr>
<td>5.</td>
<td>RECREATION</td>
<td>33.29</td>
<td>23.73</td>
<td>34.31</td>
<td>26.86</td>
<td>42.94</td>
<td>34.99</td>
<td>56.49</td>
</tr>
<tr>
<td>---------</td>
<td>----------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>1021.22</td>
<td>801.12</td>
<td>973.07</td>
<td>1084.55</td>
<td>1009.85</td>
<td>879.33</td>
<td>1152.51</td>
</tr>
<tr>
<td>6.</td>
<td>NO. OF CONSUMPTION UNITS</td>
<td>115.35</td>
<td>44.28</td>
<td>578.33</td>
<td>268.41</td>
<td>90.36</td>
<td>60.58</td>
<td>121.30</td>
</tr>
</tbody>
</table>

Source: Primary Data.
on other items. The expenditure per consumption unit on food among the scheduled caste beneficiary households was lower than that among the non-scheduled castes beneficiary households.

The expenditure per consumption unit on non-food was Rs.351.64 per year (Rs.29.32 per month). It was Rs.451.86 per year (Rs.37.66 per month) among the household castes small farmers category and Rs.172.20 per year (Rs.14.35 per month) among the scheduled castes non-agricultural labour category. The expenditure per consumption unit as socio-religious, cultural items, in overall, was Rs.58.97 per year (Rs.4.91 per month) while it was Rs.123.16 per year (Rs.10.26 per month) among the scheduled caste non-agricultural labourers. Likewise the expenditure on liquor and narcotics in overall was Rs. 69.50 per year (Rs.5.80 per month) while it has Rs.110.73 per year (Rs.9.23 per month) among the scheduled castes non agricultural labourers and Rs.95.56 per year (Rs.7.96 per month) among scheduled castes agricultural labourers. The expenditure per consumption unit on recreation in overall was Rs. 35.21 per year (Rs.2.93 per month) while it was Rs.56.47 per year (Rs.4.71 per month) and Rs. 20.04 per year (Rs.1.67 per month) among non scheduled castes and scheduled castes small farmers category respectively.

Harichandran\(^2\) observed similar trends in his study and concluded that the consumption standards of the majority of households

was really poor and about 45 per cent of the households were covered between the per capita food consumption level of Rs.25 and Rs.35 per month.

Propensity to Consume

It would be worthwhile to compare at this stage the levels of income with the levels of consumption of sample beneficiary households. The details on the distribution of income on items of expenditure per consumption unit of the sample households were analysed and the results are presented in Table 6.5.

It can be noted from Table 6.5 that in overall the income exceeded the expenditure by Rs. 101.47. In the case of scheduled castes beneficiaries the difference between income and expenditure per consumption unit was lower (Rs. 50.54) than that for non scheduled castes beneficiaries (Rs. 122.90). The surplus of income over expenditure varied from Rs. 28.00 to Rs. 47.04 among the sample beneficiary households.

It can further be observed from Table 6.5 that the expenditure was in excess of income in the case of scheduled castes agricultural labourers category. In overall the propensity to consume was 0.90 and in the case of scheduled castes beneficiaries it was higher (0.95) than that of non scheduled castes beneficiaries (0.89). It was the highest among the category of scheduled castes agricultural labourers (1.06) and the lowest among the category of small farmers belonging to scheduled castes category (0.70).
# TABLE 6.5

## Categorywise and Castewise Propensity to Consume of the Sample

**Beneficiary Households Consumption Unit**

(in Rupees)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>PARTICULARS</th>
<th>Non-Agr. Labours</th>
<th>Agriculture Labours</th>
<th>Marginal Farmers</th>
<th>Small Farmers</th>
<th>I S B</th>
<th>Overall</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>NSC</td>
<td>SC</td>
<td>NSC</td>
<td>SC</td>
<td>NSC</td>
<td>SC</td>
<td>NSC</td>
</tr>
<tr>
<td>1. Income</td>
<td></td>
<td>1132.23</td>
<td>848.16</td>
<td>1053.69</td>
<td>1024.11</td>
<td>1245.58</td>
<td>1086.54</td>
<td>1425.43</td>
</tr>
<tr>
<td>2. Expenditures</td>
<td></td>
<td>1021.02</td>
<td>801.12</td>
<td>973.67</td>
<td>1004.55</td>
<td>1009.85</td>
<td>879.33</td>
<td>1152.51</td>
</tr>
<tr>
<td>3. Difference between income and expenditure (1-2)</td>
<td></td>
<td>111.21</td>
<td>47.04</td>
<td>80.62</td>
<td>60.44</td>
<td>235.73</td>
<td>207.31</td>
<td>272.92</td>
</tr>
<tr>
<td>4. Propensity to consume</td>
<td></td>
<td>0.90</td>
<td>0.94</td>
<td>0.92</td>
<td>1.06</td>
<td>0.81</td>
<td>0.80</td>
<td>0.80</td>
</tr>
</tbody>
</table>

Source: Primary Data.
The high propensity to consume among the lower income groups was observed by Mundle and others. They observed that it was consistent with the Dussenberry Hypothesis that people in relatively lower income groups have a stronger aspiration to raise their standard of living and, therefore, spend a higher proportion of their income on consumption.

The income elasticity of demand for food in India was the highest among twenty six countries studied by Heady. Bhatia estimated it to be 0.85. Based on these findings Joshi and Trivedi concluded that in a country where income elasticity of demand for food is close to unity, increase in income is likely to accelerate demand for food.

Thus it can be inferred from the consumption pattern of the sample households that expenditure closely followed the income levels. Higher the level of income higher was the level of per household as well as per unit expenditure. The propensity to consume was high among the scheduled castes households. The percentage of expenditure on food was more than on other items and any increase in income would therefore, increase in income is likely to accelerate demand for food.

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4 Earl, Heady, Agricultural Policy under Economic Development" Iona State University, Lowa, 1962, p. 36.


result in more expenditure on food items than on other items. The scheduled castes beneficiary households spent more on food, liquor and narcotics, and socio-religious and cultural items while the non-scheduled castes beneficiary households spent more on non food items like clothing, fuel and lighting, health care, education and recreation.

Application of Engle's Law

The pattern of consumption of a group of people reveals their standard of living by bringing out the relative importance of various items and groups of items in the total schemes of their consumption. The more affluent or well-to-do group is, the more diversified is its consumption expenditure over necessaries, comforts and luxuries. On the other hand, a group living under the subsistence level will exhaust all its resources for consumption over primary necessities of life like food, clothing, fuel and lighting and little will be left over for meeting the secondary necessities like housing, medical care etc.

With a view to test the applicability of the Engle's Law of Family Expenditure in the study area, an attempt was made to work out the nature and extent of relationship between various items of expenditure and the results are presented in Table 6.6.
TABLE 6.6

Relationship Between Income and Various Expenditure Groups in the Sample Households

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>Co-relation Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Income and food group</td>
<td>-0.1663817**</td>
</tr>
<tr>
<td>2.</td>
<td>Income and clothing group</td>
<td>-0.2656957**</td>
</tr>
<tr>
<td>3.</td>
<td>Income and Education group</td>
<td>0.7876716**</td>
</tr>
</tbody>
</table>

Note: ** Significant at one per cent level of probability.
It can be inferred from Table 6.6 that there existed an inverse relationship between income and percentage of expenditure on food items. This was almost in line with the statement of Engle that as income increased the percentage of expenditure spent on food decreased. Joshi and Kahlon\textsuperscript{7} also observed negative correlation in similar studies in Punjab. The results of Sanghi\textsuperscript{8} also were in time with the results of the present study.

It can also be inferred from Table 6.6 that the relationship between income and the percentage of expenditure spent on clothing was found to be not only negative but also significant. This was again in conformity with the results of Joshi and Kahlon\textsuperscript{9}. However, according to Engle, the percentage of expenditure spent on clothing with reference to income was found to be constant. The plausible explanation might be the very low level of income for all the sample households in the area studied.

The table also reveals the fact that there existed a significant and positive co-relation between the percentage of expenditure spent on education health and recreation. This again is in conformity with the findings of Engle, Joshi and Kahlon.\textsuperscript{10}

\textsuperscript{7} Joshi S.S. and Kahlon, A.S., Levels of Living in Rural Areas of Punjab", Indian Journal of Agricultural Economics, Vol.XVIII (2) 243m 1963.


\textsuperscript{9} Ibid., p. 244.

\textsuperscript{10} Ibid.
Consumption of Durable Goods

The standard of living of household is also to a certain extent revealed by the ownership of durable goods. Details regarding the pattern of durable consumer goods owned by the sample household are presented in Table 6.7.

It can be observed from Table 6.7 that the common durable goods used by the sample households were bicycles, radios or transistor, furniture, utensils, fans, mopeds and ornaments of gold and silver. Most of the bicycles and radio or transistors were purchased second hand. The furniture consisted of wooden benches, and coin matted cots, and the utensils were of brass and stainless steel. The ornaments owned by them were anklets, ear studs, nose screws and chains.

In over all more than 30 per cent of the households reported possession of bicycles. The percentage of scheduled castes households possessing bicycles was lesser than that of non scheduled castes households. More than 35 per cent of the households possessed transistors/radios. Here also the percentage of scheduled castes beneficiaries possessing radio/transistor was less than that of non scheduled caste households. More than 40 per cent of the families were possessing brass and stainless steel utensils. The percentage of sample house holds possessing gold or silver ornaments was 37.82. Almost all the families reported that they used to pledge their ornaments for religious and social obligations.
## TABLE 6.7
Categorywise and Castewise Durable Consumer Goods Owned by Sample Beneficiary Households

(in Rupees)

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>PARTICULARS</th>
<th>Non-Agr. Labourers</th>
<th>Agriculture Labourers</th>
<th>Marginal Farmers</th>
<th>Small Farmers</th>
<th>I &amp; B</th>
<th>Overall</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>MSC</td>
<td>SC</td>
<td>MSC</td>
<td>SC</td>
<td>MSC</td>
<td>SC</td>
<td>MSC</td>
</tr>
<tr>
<td>1. Cycle (No)</td>
<td>15</td>
<td>6</td>
<td>14</td>
<td>5</td>
<td>20</td>
<td>8</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Average Value Rs.</td>
<td>352</td>
<td>295</td>
<td>345</td>
<td>240</td>
<td>610</td>
<td>370</td>
<td>700</td>
<td>510</td>
</tr>
<tr>
<td>2. Radio (No)</td>
<td>20</td>
<td>5</td>
<td>16</td>
<td>8</td>
<td>20</td>
<td>9</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Value Rs.</td>
<td>355</td>
<td>270</td>
<td>340</td>
<td>310</td>
<td>375</td>
<td>345</td>
<td>370</td>
<td>300</td>
</tr>
<tr>
<td>3. Mopeds (No)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Value Rs.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2300</td>
<td>2980</td>
<td>2100</td>
<td>3850</td>
</tr>
<tr>
<td>4. Fans (No)</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Value Rs.</td>
<td>500</td>
<td>400</td>
<td>500</td>
<td>460</td>
<td>580</td>
<td>500</td>
<td>800</td>
<td>600</td>
</tr>
<tr>
<td>5. Furniture</td>
<td>5</td>
<td>2</td>
<td>20</td>
<td>12</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Value Rs.</td>
<td>50</td>
<td>50</td>
<td>100</td>
<td>100</td>
<td>250</td>
<td>200</td>
<td>300</td>
<td>250</td>
</tr>
<tr>
<td>6. Utensils No.</td>
<td>10</td>
<td>6</td>
<td>60</td>
<td>20</td>
<td>10</td>
<td>6</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Value Rs.</td>
<td>225</td>
<td>250</td>
<td>300</td>
<td>216</td>
<td>420</td>
<td>300</td>
<td>510</td>
<td>410</td>
</tr>
<tr>
<td>7. Ornaments (No)</td>
<td>25</td>
<td>4</td>
<td>18</td>
<td>12</td>
<td>20</td>
<td>4</td>
<td>8</td>
<td>5</td>
</tr>
</tbody>
</table>

**Note:** Figures in the parenthesis denote percentage to the total.

**Source:** Primary Data.
Thus it can be observed from Table 6.7 that the sample beneficiary households were in possession of furniture, utensils, ornaments, bicycles, radios, fans and among the sample beneficiary households small farmers and marginal farmers are in possession of all these items. The percentage of scheduled caste beneficiaries household possessing these items was lower than that of non-scheduled caste beneficiary households. It could be further observed that in terms of ownership of durable goods, agricultural labour and non-agricultural labour households were having a lower standard of living than that of small and marginal farmer households. The scheduled caste households were having lower standard of living than that of non-scheduled caste households.

**Borrowings and Savings**

Among the sample beneficiary households 16.98 per cent reported to have borrowed money in addition to the advances obtained from the banks by pledging their jewels brass vessels. 62 respondents reported to have saved some money by contributing towards chit funds collected by private individual in their locality. Five Marginal farmers and seven small farmers have deposited their savings in banks.

The details on the borrowings and savings by the sample beneficiary households are presented in Table 6.8.

It can be seen from the table that in overall the average amount borrowed ranged from Rs.1266.66 to Rs.4846.78. Small farmers and marginal
# TABLE 6.8

Categorywise and Castewise Borrowings and Savings of Sample Beneficiary Households

(in Rupees)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>PARTICULARS</th>
<th>Non-Agr.</th>
<th>Agriculture</th>
<th>Marginal</th>
<th>Small</th>
<th>I &amp; S</th>
<th>B</th>
<th>Overall</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>NSC</td>
<td>SC</td>
<td>NSC</td>
<td>SC</td>
<td>NSC</td>
<td>SC</td>
<td>NSC</td>
<td>SC</td>
</tr>
</tbody>
</table>

1. Borrowings:
   a. No. of households
      - 8 (2.56) 3 (0.96) 9 (2.88) 7 (2.24) 10 (3.20) 1 (0.32) 2 (0.64) 1 (0.32) 8 (2.56) 4 (1.28) 37 (11.86) 16 (5.13) 53 (16.99)
   b. Average amount 2202.50 116.66 3655.55 2900 4560 2800 5200 3100 3362.5 1556.25 3605.95 2245.31 3195.19

2. Savings
   a. No. of households
      - 10 (3.20) 2 (0.64) 9 (2.88) 5 (1.60) 14 (4.48) 2 (0.64) 4 (1.28) 2 (0.64) 12 (3.84) 3 (0.64) 49 (15.71) 13 (4.17) 62 (19.87)
   b. Average amount 150 75 257.22 220 670.71 125 1695 900 695 440 578.06 321.54 524.27

Note: Figures in the parenthesis denote percentage to the total households.

Source: Primary Data.
farmers were able to borrow a higher sum than other categories. The average amount borrowed by scheduled caste household was lesser than that of non scheduled caste households.

The average amount saved i.e., the amount set aside to meet an unforeseen demand for money or pay back the amount borrowed and the interest due on it, in overall was Rs.686.58. The amount saved by small farmer and marginal farmer categories was higher than that of agricultural labourers. Likewise the amount saved by the scheduled caste households was lesser than that of the non-scheduled caste households.

Problems Faced by the Sample Beneficiaries and the Banks

Personal interviews with the sample respondents revealed certain constraints and problems faced by them in getting the assistance, in maintaining the assets and improving their levels of living. Likewise an in-depth interview with the bank officials and those connected with the implementation of the schemes revealed a number of problems and constraints in implementing the objectives and in achieving a golden mean between the precepts and practices. The details on the nature and extent of the problems faced by the beneficiaries are presented in Table 6.9.

It can be seen from Table 6.9 that the most important problem faced by the respondents was the high expenditure in getting the loan and asset. All of them had to incur expenditure in getting the necessary certificates, contacting the officials and in purchasing the assets. The gram
TABLE 6.9

Problems Faced by the Sample Beneficiaries in Getting the Assistance
and in Maintaining the Asset

<table>
<thead>
<tr>
<th>Sl.</th>
<th>Particulars</th>
<th>No. of house-holds</th>
<th>% to total no. of house-holds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Expenditure to get the loan and the asset</td>
<td>312</td>
<td>100.00</td>
</tr>
<tr>
<td>2.</td>
<td>Inadequacy of loan and subsidy amount to procure the asset</td>
<td>247</td>
<td>79.17</td>
</tr>
<tr>
<td>3.</td>
<td>Inferior quality of the asset</td>
<td>172</td>
<td>55.13</td>
</tr>
<tr>
<td>4.</td>
<td>Inadequacy of information</td>
<td>161</td>
<td>51.60</td>
</tr>
<tr>
<td>5.</td>
<td>Delay in getting the loan sanctioned</td>
<td>128</td>
<td>41.03</td>
</tr>
<tr>
<td>6.</td>
<td>Inadequacy of veterinary facilities</td>
<td>90</td>
<td>28.85</td>
</tr>
<tr>
<td>7.</td>
<td>Competition</td>
<td>66</td>
<td>21.15</td>
</tr>
<tr>
<td>8.</td>
<td>Maintenance of Milch animals during the dry period and bullocks during the off season</td>
<td>55</td>
<td>17.63</td>
</tr>
<tr>
<td>9.</td>
<td>Addiction to liquor</td>
<td>51</td>
<td>16.34</td>
</tr>
<tr>
<td>10.</td>
<td>Inadequate income due to drought</td>
<td>47</td>
<td>15.06</td>
</tr>
<tr>
<td>11.</td>
<td>Expenditure on social function</td>
<td>17</td>
<td>5.45</td>
</tr>
<tr>
<td>12.</td>
<td>Death of Animals</td>
<td>18</td>
<td>5.77</td>
</tr>
<tr>
<td>13.</td>
<td>Inadequacy of grazing lands</td>
<td>11</td>
<td>3.53</td>
</tr>
<tr>
<td>14.</td>
<td>Loss of animals</td>
<td>9</td>
<td>2.88</td>
</tr>
<tr>
<td>15.</td>
<td>Theft of Bicycles</td>
<td>6</td>
<td>1.92</td>
</tr>
<tr>
<td>16.</td>
<td>Political Interference</td>
<td>12</td>
<td>3.85</td>
</tr>
<tr>
<td>17.</td>
<td>Damage to assets due to strife in village</td>
<td>3</td>
<td>0.96</td>
</tr>
<tr>
<td>18.</td>
<td>Unsympathetic attitude of official</td>
<td>2</td>
<td>0.64</td>
</tr>
</tbody>
</table>

Source: Primary data.
sevak informed the selected person and gave the application form to be filled in and charged about Rs.10 to Rs.50. As they are illiterate they had to pay the money to get the forms filled in. They had also to spend about Rs.50 to get the nativity certificate, yearly income certificate and community certificates. They had to contact the union office and the banks concerned to get the loan and the subsidy amount sanctioned. When the field officer came for verification, they had to spend about Rs. 50. In addition to these they had to pay the middlemen who volunteer to assist them from the application form filling up stage till the stage of purchasing the assets.

In the case of purchasing Milch animals, bullocks and sheep they had to pay also the regular middlemen in the shandy or market places. The categorywise and castewise details on the expenditure incurred by the sample respondents are presented in Table 6.10.
TABLE 6.10

Categorywise and Castewise Average Expenditure Incurred by the Sample Households to get the Priority Sector Assistance

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>NSC</th>
<th>SC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Non agricultural labourers</td>
<td>133.04</td>
<td>187.50</td>
<td>147.09</td>
</tr>
<tr>
<td>2</td>
<td>Agricultural labourers</td>
<td>140.61</td>
<td>197.63</td>
<td>158.32</td>
</tr>
<tr>
<td>3</td>
<td>Marginal farmers</td>
<td>145.55</td>
<td>197.50</td>
<td>166.33</td>
</tr>
<tr>
<td>4</td>
<td>Small farmers</td>
<td>272.92</td>
<td>375.00</td>
<td>287.50</td>
</tr>
<tr>
<td>5</td>
<td>ISB</td>
<td>161.66</td>
<td>159.66</td>
<td>161.14</td>
</tr>
<tr>
<td>6</td>
<td>Overall</td>
<td>157.31</td>
<td>198.21</td>
<td>169.24</td>
</tr>
</tbody>
</table>

Source: Primary Data.
It can be seen from Table 6.10 that in overall the average expenditure incurred by the sample beneficiaries worked out to Rs. 169.24. The scheduled caste beneficiaries incurred more expenditure of Rs. 198.21 than the non-scheduled caste beneficiaries. This might be due to the exploitation of their illiteracy and ignorance. Among the five categories of beneficiaries the small farmers and ISB incurred the maximum expenditure which might be due to their higher social status and attempts to influence the concerned officials to include their name in the list of selected beneficiaries and get the loan sanctioned without delay.

It can also be noted from the table that nearly 76 per cent of the sample beneficiaries reported that the loan and subsidy amount sanctioned was not enough to procure the assets due to the hike in prices and expenditure incurred to procure the assets, while 52.4 per cent of the sample beneficiaries reported that they could not procure better quality assets as they were priced high and not available locally. 37.2 per cent of the beneficiaries had to wait for more than three months to get the assistance. Some of the respondents revealed that they had to lose the advance given for the Milch animal proposed to be purchased due to the non availability of block level purchase committee member.

It can also be noted further from the table that nearly half (49.3 per cent) of the sample respondents were not aware of the details of the various schemes of priority sector lending. Some of the sample respondents found that they could not easy the expected income due to
competition from others. Three respondents who got the assistance for cycle shop had to face competition from two more such shops started in the village. The rate for hiring rent cycles had to be reduced and the bicycles also were stolen and damaged. The respondents who were operating pump sets and animal husbandry schemes reported that drought, inadequacy of grazing lands, maintenance of Milch animals during the dry periods and off seasons, death and loss of animals were the problems they had to face. According to one-fourth of the respondents veterinary facilities available were either inadequate or totally poor.

Some of the beneficiaries felt that though they had additional income from the schemes, yet they could not save or improve their living standards as they were spending more on liquor and one respondent belonging to scheduled caste category of non-agricultural labour class reported that he was spending a considerable amount of money on the lottery tickets and intended to marry a third wife. A large number of agricultural labourers reported that they were spending the amount earned from the schemes for social functions and cinemas. More than 90 per cent of the beneficiary households reported that the income earned from the schemes enabled them to increase their consumption expenditure and could not save a sizable amount.

Thus the major constraints, it could be inferred, were delay in getting assistance, expenditure to get the assistance, exploitation of their illiteracy by merchants and middlemen lack of grazing lands, veterinary
facilities, addiction to liquor and expenditure on social functions and inability to increase the savings and also competition from unscrupulous and moneyed traders of the profession.

Problems Faced by the Agencies

While the Priority Sector beneficiaries had the above constraints, the interview with the agencies implementing the schemes had the following problems. The foremost problem in launching the multi pronged attack on solving the problems of poverty and unemployment was the proper identification of beneficiaries, provision of infrastructural and technical facilities and effective recycling of funds through timely recovery of loans. According to the Bank Officials, the special schemes implemented so far were of adhoc nature. They did not ensure continuous employment of the unemployed and under-employed people of rural areas. The measures adopted were in the nature of reliefs only and not one of solving unemployment and poverty. This is because the rural people are not willing to leave their places to work at different places.

There is a total absence of family profiles which are necessary to identify genuine borrowers. Many of the woes of the bankers arise due to wrong impressions spread by petty political leaders at village level. At times the borrowers are instigated not to repay the bank loans. The political climate undermines the efficiency of banks. The Government forces the banks secretly and unofficially to lend to those priority sector borrowers who do not meet the banking criteria. The government actually
selects the borrowers who should get bank loans on extraneous grounds, clothes them with primary sector criteria and forces the banks on the defensive even if they do not meet the banking criteria.

When loans were provided to rural poor on individual family basis, the bankers found that there had been regular misuse of credit. The credit provided by the bank has not been used productively. The credit absorption capacity is also very poor as they lack even the minimum infrastructural facilities.

In most of the cases the beneficiaries are allotted by the District Rural Development Agency and the banks are seldom allowed to choose the beneficiaries or cluster of beneficiaries.

The banks do not have the facility or skills or initiative to improve the skills of the prospective borrowers through training so that they can use the loans productively and repay the loans.

There is no linkage of rural products with marketing. There is no business consciousness among the village artisans and other small units.

There are numerous agencies for helping rural poor creating confusion in the field of rural credit. There is need for setting up agencies which are appropriate to serve the rural poor. There is also a need for associating the beneficiaries with the functioning of these agencies.
On account of the lack of coordination among the various agencies there is over financing in certain directions and absence of supervision over the end use of credit.

Most of the rural branches of the banks suffer from inadequate manpower. This seriously retards activities such as field visits, beneficiary contacts, supervision of the end use of funds, recovery follow up measures etc. There is also absence of timely assistance in loan recovery from the Government departments concerned.

Functional Analysis

The data collected were subjected to Functional Analysis. The consumption expenditure function and the Discriminant function were fitted. The consumption expenditure function fitted for various classes of beneficiary households is presented and discussed in this section.

Consumption Expenditure Function

In order to assess the extent of influence made by various factors on the consumption expenditure of the beneficiary households, linear regression functions for the category of those who crossed the poverty line, the category of those who did not cross the poverty line, and for both the categories put together were fitted. The functions were also fitted to the various categories of beneficiaries. The results of the findings fitted are individually discussed as follows:
1. Crossing the Poverty Line

The results of the consumption expenditure function fitted for the beneficiaries who had crossed poverty line are presented as under:

\[ Y = 3981.92 - 0.473 X_1^{NS} + 392.6822 X_2^{**} + 2.5304 X_3^{NS} + 80.7845 X_4^{NS} \]

\[ SE = (1112.075) (9.0754) (179.19) (66.7626) (519.9322) \]

\[ R^2 = 0.06924 \quad F = 1.2832 \quad d.f = 73 \]

where

\[ Y = \text{Household consumption expenditure in rupees} \]
\[ X_1 = \text{Household income in rupees} \]
\[ X_2 = \text{Family size in number of consumption units} \]
\[ X_3 = \text{Education in no. of years of schooling} \]
\[ X_4 = \text{Social States - Dummy variable -1 for NSC and 0 for SC} \]
\[ ** = \text{Significant at one percent level of probability} \]
\[ NS = \text{Non-significant} \]

The \( R^2 \) value in the above function indicated a poor fit as it was not statistically significant. However, there was an indication that the variable \( X_2 \), viz., (the family size) alone had significant influence on the consumption expenditure of the family. This might be probably due to the fact that income generation, particularly in rural areas depended on the number of persons in a family. Further, an attempt was made the fit the consumption expenditure function for the beneficiary households who did not cross the poverty line.
2. Net Crossing the Poverty Line

The results of consumption expenditure function fitted for the beneficiary households who did not cross the poverty line even after implementation of IRDP are presented below.

\[ Y = 2114.314 + 0.2958 X_1^{**} + 207.4507 X_2^{**} + 27.0927 X_3^{NS} - 101.5039 X_4^{NS} \]
\[ SE = (364.6911) + (0.0638) \quad (53.7281) \quad (19.6830) \quad (154.4052) \]
\[ R^2 = 0.1448 \quad F = 10.8765 \quad d.f = 261 \]

where

\[ Y = \text{Household consumption expenditure in rupees} \]
\[ X_1 = \text{Household income in rupees} \]
\[ X_2 = \text{Family size in number of consumption units} \]
\[ X_3 = \text{Education in no. of years of schooling} \]
\[ X_4 = \text{Social States - dummy variable -1 for NSC and 0 for SC} \]
\[ ** = \text{Significant at one per cent level of probability} \]
\[ NS = \text{Non-significant} \]

In the above function, the \( R^2 \) value of 0.1448, though very low, was found to be statistically significant indicating that the variables included in the function explained 14.48 per cent of the variations in \( Y \).

The variables \( X_1 \) and \( X_2 \) were found to have significant influence on the dependent variable \( Y \). Also, the \( a \ priori \) expectation of the positive relationship between \( Y \) and the variable \( X_1 \) viz., the household
income and the variable $X_2$ viz the family size was confirmed. Further an attempt was also made to fit the consumption expenditure function considering in overall, both the groups put together and the results of the same are discussed next.

3. Both Crossing and Not Crossing the Poverty Line

The results of the overall function fitted for all the 312 sample beneficiary households put together are presented below:

$$Y = 2396.649 + 0.1940X_1^{**} = 254.1254X_2^{**} = 21.9464X_3^{NS} - 62.982X_4^{NS}$$

$$\text{SE} = (319.5755) (0.03295) \quad (58.01899) \quad (21.34215) \quad (166.8326)$$

$$R^2 = 0.17295 \quad F = 17.30385 \quad d.f = 335$$

where

$Y$ = Household consumption expenditure in rupees

$X_1$ = Household income in rupees

$X_2$ = Family size in number of consumption units

$X_3$ = Education in No. of years of schooling

$X_4$ = Social status - dummy variable -1 for NSC and 0 for SC

$^{**}$ = Significant at one per cent level of probability

$^{NS}$ = Non-significant

The above function had the $R^2$ value of 0.17295 which was found to be statistically significant as per the $F$ test. Further the variables $X_1$ and $X_2$ were found to have a statistically significant influence on the
dependent variable \( Y \) viz., household consumption expenditure in rupees increase in household income resulted in 19 paise increase in the household consumption expenditure. Similarly an increase of one consumption unit in the household resulted in the increase of consumption expenditure to the tune of Rs.254.13. Further the relationship between consumption expenditure and the social status \( (X_4) \) though found to be negative was not statistically significant. Similarly the relationship between consumption expenditure and the expenditure on education \( (X_3) \) was found to be positive but not statistically significant.

Thus it can be inferred that the results of the above fitted functions indicated that the variables having significant regression coefficients were the household income \( (X_1) \) and family size \( (X_2) \). The relationship between consumption expenditure \( (Y) \) and educational status \( (X_3) \) was found to be positive but not statistically significant. Similarly the relationship between consumption expenditure \( (Y) \) and the social status \( (X_4) \) was found to be negative but not statistically significant in the functions fitted for the category of not crossing the poverty line and for the total sample of 312 beneficiary households. The functions fitted for those who had crossed the poverty line indicated negative relationship between consumption expenditure \( (Y) \) and household income \( (X_1) \) and positive relationship between \( Y \) and the variable \( X_4 \) which might be due to the higher level of income and demonstration effects.
With a view to analyse the consumption expenditure on the households in various categories of beneficiary households an attempt was made to fit the consumption expenditure function separately to all the five categories of the sample beneficiary households of priority sector advances. The consumption expenditure function for Agricultural Labour category is discussed first.

IV. Agricultural Labour Category

The results of the consumption expenditure functions fitted for agricultural labour category are presented below:

\[
Y = 2067.999 + 0.3238 X_1^{**} + 304.632 X_2^{**} - 8.1733 X_3^{NS} - 585.1546 X_4^{**}
\]

\[
SE = (448.9326) (0.0642) (71.3753) (25.3927) (189.6695)
\]

\[
R^2 = 0.2393 \quad F = 14.5496 \quad d.f = 187
\]

where

\[
Y = \text{Household consumption expenditure in rupees}
\]

\[
X_1 = \text{Household income in rupees}
\]

\[
X_2 = \text{Family size in number of consumption units}
\]

\[
X_3 = \text{Education in No. of years of schooling}
\]

\[
X_4 = \text{Social status - dummy variable -1 for NSC and 0 for SC}
\]

\[
^{**} = \text{Significant at one per cent level of probability}
\]

\[
^{NS} = \text{Non-significant}
\]
The $R^2$ value of 0.2393 though loan was found to be statistically significant as found by f test. Thus the variations included in the function could explain about 23.93 per cent of the variations occurred in the dependent variable $Y$ viz., Household consumption Expenditure. It could also be observed from the function above that variables $X_1$ and $X_2$ had significant positive influence on the dependent variable $Y$. One rupee increase in income ($X_2$) increased the consumption expenditure by Rs.0.3238. Similarly one consumption unit increase resulted in additional consumption expenditure of Rs.304.62.

Regarding the relationship between consumption expenditure and social status the A PRIORI assumption was the negative relationships. The results obtained above confirm this. The relationship between consumption expenditure ($Y$) and Education Status ($X_3$) was not only negative but also not significant. The consumption expenditure function non-agricultural labour category is discussed next.

V. Non Agricultural Labour Category

The results of the consumption expenditure function fitted for non-agricultural labour category are presented and discussed below:

$$Y = 2854.572 + 0.4137X_1 + 108.6818X_2 + 116.8531X_3 + 37.7196X_4$$

$$SE = (1518.419) (0.1691) (225.7411) (95.8421) (704.395)$$

$R^2 = 0.3108057 \quad F = 2.91302 \quad d.f = 30$
where

\[ Y = \text{Household consumption expenditure in rupees} \]
\[ X_1 = \text{Household income in rupees} \]
\[ X_2 = \text{Family size in number of consumption units} \]
\[ X_3 = \text{Education in No. of years of schooling} \]
\[ X_4 = \text{Social status - dummy variable -1 for NSC and 0 for SC} \]
\[ ** = \text{Significant at one per cent level of probability} \]
\[ NS = \text{Non-significant} \]

The R square value of 0.3108057 indicated that 31.08 per cent of the variations in consumption expenditure was explained by the variables specified in the functions variable \( X_1 \), viz. household income influenced the consumption expenditure significantly. One rupee of income resulted in 41 paise increase in consumption of non agricultural labour category. The influence of other variables included in the function, however, was not found to be statistically significant.

The consumption expenditure function fitted for Marginal Farmer category is discussed next.

VI. Marginal Farmer Category

The results of the consumption expenditure function fitted for the marginal farmer category are presented and discussed below:
\[ Y = 1087.278 + 0.2419X_1^* + 334.1706X_2^* + 105.9286X_3^{NS} + 309.7469X_4^{NS} \]

\[ \text{SE} = (898.4226) (0.0602) \quad (147.3345) \quad (56.7996) \quad (375.7778) \]

\[ R^2 = 0.5014088 \quad F = 6.285319 \quad \text{d.f.} = 29 \]

where

\[ Y = \text{Household consumption expenditure in rupees} \]
\[ X_1 = \text{Household income in rupees} \]
\[ X_2 = \text{Family size in number of consumption units} \]
\[ X_3 = \text{Education in No. of years of schooling} \]
\[ X_4 = \text{Social status - dummy variable -1 for NSC and 0 for SC} \]
\[ ^* = \text{Significant at one per cent level of probability} \]
\[ ^{NS} = \text{Non-significant} \]

The \( R^2 \) value of 0.5014088 in the function indicted that 50.14 per cent of the variations in consumption expenditure could be explained by the variables indicated in the model. The influence of variable \( X_1 \) viz. the income on consumption expenditure was found to significant. One rupee increase in income resulted in 24 paise increase in consumption expenditure. Similarly variable \( X_2 \) (Family size) had significant influence on consumption expenditure and one unit increase in family size resulted in Rs.333.17 increase in consumption expenditure. The other two variables viz., educational status \( (X_3) \) and social status \( (X_4) \) however did not have significant influence on consumption expenditure of the beneficiary households.
The consumption expenditure function fitted for small farmers category is discussed next.

### VII. Small Farmer Category

The results of the consumption expenditure function fitted for the small farmer category are presented and discussed below:

\[
Y = 3031.29 - 0.00709825X_1^{NS} + 280.7652X_2^{NS} - 361.8501X_3^{**} + 3389.795X_4^{**}
\]

\[
SE = (2490.422) (0.084803225) (345.5199) (111.4389) (1241.658)
\]

\[
R^2 = 0.3584 \quad F = 3.2116 \quad d.f = 27
\]

where

- \( Y \) = Household consumption expenditure in rupees
- \( X_1 \) = Household income in rupees
- \( X_2 \) = Family size in number of consumption units
- \( X_3 \) = Education in No. of years of schooling
- \( X_4 \) = Social status - dummy variable -1 for NSC and 0 for SC
- ** = Significant at one per cent level of probability
- \( NS \) = Non-significant

The \( R^2 \) value of 0.5014088 in the function indicated that 50.14 per cent of the variations in consumption expenditure could be explained by the variables indicated in the model. The influence of variable \( X_1 \), viz., the income on consumption expenditure.
The $R^2$ value of 0.3584 in the function indicated that 35.84 percent of the variations in the consumption expenditure could be explained by the variables included in the model. Contrary to the *a priori* expectations, the relationships between $Y$ (Consumption expenditure) and $X_1$ (income) as well as $X_2$ (family size), though positively related were not found to be statistically significant. This might be due to the better economic status of the small farmers among the categories considered.

It can be observed from the above functions that variable $X_3$ (educational status) had significant negative influence on $Y$ (consumption expenditure). The probable explanation might be that if the educational status increased, the quantum of consumption in general remained almost the same or even decreased. However, the variable $X_4$ (social status) was found to have a positive influence on consumption expenditure and this might again be due to the positive association between the economic status and social status in the area studied.

The consumption expenditure function derived for the last category of beneficiaries (ISB) is presented next.

**VIII. ISB Category**

The consumption expenditure function derived for the ISB category is given below:
$Y = 2067.549 + 0.0717X_1^{NS} + 148.4994X_2^{NS} + 123.6129X_3^{**} + 783.1806X_4^{**}$

$SE = (496.476) (0.0565) (105.1394) (36.2192) (319.3688)$

$R^2 = 0.3802 \quad F = 7.9756 \quad d.f = 56$

where

$Y = \text{Household consumption expenditure in rupees}$

$X_1 = \text{Household income in rupees}$

$X_2 = \text{Family size in number of consumption units}$

$X_3 = \text{Education in number of years of schooling}$

$X_4 = \text{Social status - dummy variable -1 for NSC and 0 for SC}$

$^{**} = \text{Significant at one per cent level of probability}$

$^{NS} = \text{Non-significant}$

The $R^2$ value of 0.3802 indicated that the extent of variations in $Y$ explained by the variables included in the function was 28.02 per cent. Variable $X_2$ (educational status) had positive and significant influence on $Y$ (Consumption expenditure). The plausible explanation might to the higher level of educational associated with the IS6 Category of beneficiaries and hence more the consumption of quality food. It could be observed that $X_4$ (social status) had positive influence on $Y$ (Consumption expenditure).

Thus the results of the consumption expenditure function fitted for the five categories of the sample beneficiary households indicated that the variables having significant influences were household income ($X_1$), family size ($X_2$), Education ($X_3$) and Social Status ($X_4$). The functions fitted
for the categories of agricultural labourers and small farmers indicated negative relationship between Y (consumption expenditure) and $X_3$ (Educational status).

Finally an attempt was also made to fit the consumption expenditure function separately to the scheduled caste beneficiaries non-scheduled caste beneficiaries and in overall (excluding the dummy variables).

**IX. Scheduled castes class**

The consumption expenditure function derived for the scheduled castes beneficiary households is presented below:

$$ Y = 2077.40 + 0.2510X_1^{**} + 235.472X_2^{**} + 55.1654X_3^{NS} $$

$$ SE = (625.1004) (0.07871) \quad (117.0335) \quad (46.4922) $$

$$ R^2 = 0.1742 \quad F = 6.6814 \quad d.f = 97 $$

where

$Y$ = Household consumption expenditure in rupees

$X_1$ = Household income in rupees

$X_2$ = Family size in number of consumption units

$X_3$ = Education in No. of years of schooling

$X_4$ = Social status - dummy variable -1 for NSC and 0 for SC

$^{**}$ = Significant at one per cent level of probability

$^{NS}$ = Non-significant
The R square value of 0.1742 in the function indicated that 17.42 per cent of the variation in the consumption expenditure could be explained by the variables included in the model. It could also be observed that \( X_1 \) (household income) and \( X_2 \) (family size) had positive influence on \( Y \) (family consumption expenditure). One rupee increase in income resulted in 25 paise increase in \( Y \) (consumption expenditure). Similarly one unit increase in family size resulted in Rs.235.57 increase in consumption expenditure. However \( X_3 \) (educational status) did not have significant influence on the consumption expenditure of the households.

The consumption expenditure function derived for non-scheduled caste class is presented and discussed below.

\textbf{X. Non Scheduled Caste Class}

The results of the consumption expenditure function derived for the non-scheduled caste is presented and discussed below:

\[
Y = 2151.307 + 0.1871X_1 + 309.6468X_2 + 10.8809X_3^{NS}
\]

\[
\text{SE} = \begin{pmatrix} 322.7213 \end{pmatrix} \quad \begin{pmatrix} 0.0354 \end{pmatrix} \quad \begin{pmatrix} 64.3727 \end{pmatrix}
\]

\[
R^2 = 0.2257 \quad F = 22.8282 \quad \text{d.f} = 237
\]

where

\( Y \) = Household consumption expenditure in rupees

\( X_1 \) = Household income in rupees

\( X_2 \) = Family size in number of consumption units
$X_3 = \text{Education in No. of years of schooling}$

$X_4 = \text{Social status - dummy variable -1 for NSC and 0 for SC}$

$** = \text{Significant at one per cent level of probability}$

$NS = \text{Non-significant}$

The $R^2$ value of 0.2256 indicated that 22.57 per cent of the variations in the consumer expenditure could be explained by the variations included in the model. It could be observed that variables $X_1$ and $X_2$ had a positive influence on $Y$ (consumption expenditure of the households). A rupee increase in income increased the consumption expenditure by 19 paise while the same was 25 paise in the case of scheduled caste class. Likewise unit increase in the family size increased the consumption expenditure by Rs.309.65 while the same was Rs.235.47 in the case of scheduled caste class.

With a view to understand the behaviour of the variables included in overall, one more function including both the scheduled castes and non-scheduled castes classes was fitted and results are discussed below:

**XI. Both Scheduled and Non Scheduled Caste Classes**

The overall consumption expenditure function derived is presented below:
\[ Y = 2437.6470 + 0.1976X_1^{**} + 227.2881X_2^{**} + 27.6753X_3^{NS} \]
\[ SE = (303.694) (0.03301) (58.7514) (21.3917) \]
\[ R^2 = 0.1663 \quad F = 22.0818 \quad d.f = 335 \]

where:

- \( Y \) = Household consumption expenditure in rupees
- \( X_1 \) = Household income in rupees
- \( X_2 \) = Family size in number of consumption units
- \( X_3 \) = Education in No. of years of schooling
- \( X_4 \) = Social status - dummy variable -1 for NSC and 0 for SC
- \(^{**}\) = Significant at one per cent level of probability
- \(^{NS}\) = Non-significant

The \( R^2 \) value of 0.1663 indicated that variations in \( Y \) was explained by the variables included in the function to the tune of 16.63 per cent and was also found to be statistically significant. One rupee increase in household income resulted in 20 paise increase in consumption expenditure of the households. Likewise \( X_2 \) variable had also a significant influence on the consumption expenditure of beneficiary households. One unit increase in the family size increased the consumption expenditure to the tune of Rs.227.29. The influence of variable \( X_3 \) though found to be positive was not significant.

Thus the results of consumption expenditure fitted for the scheduled castes, class, the non-scheduled castes class and for both
scheduled and non-scheduled castes classes put together indicated that the variables having significant influence were $X_1$ (household income) and $X_2$ (family size). It would be of interest to note here that the overall function fitted for both the categories of crossing and not crossing the poverty line with the dummy variable $X_4$ (Social status) also indicated similar results.

**Discriminant Function**

Among the beneficiaries of Priority Sector Advances there were two distinct groups viz., those who crossed the poverty line and those who did not cross the poverty line. Obviously the question arose as to why was this distinction? In other words what factors could differentiate the beneficiaries crossing the poverty line from those who did not cross the poverty line. An answer to this question would be useful to the authorities providing the assistance in identifying the beneficiaries. To answer this question, discriminant analysis was found useful and the results of the analysis are presented and discussed hereunder.

The criterion variables viz., Crossing the poverty line or otherwise of the beneficiaries were categorical, but the predictor variables involved inter scale entities. The test object would fall into one of the two categories called groups. The profiles of the groups of beneficiaries viz., one crossing the poverty line and the other not crossing the poverty line could be described by a set of interval scaled predictor variables such as (a) Consumption expenditure ($X_1$) (b) Household annual income ($X_2$) (c) Size of the family ($X_3$) and (d) Educational status of the head of the family ($X_4$).
The variable $X_1$, viz., consumption expenditure in general was expected to be higher in the group crossing the poverty line than in the group not crossing the poverty line. Similarly the A PRIORI expectation was that the income of the group crossing the poverty line would be higher than that of the group not crossing the poverty line. On the other hand, the size of the family was expected to be somewhat larger among the group crossing the poverty line as compared to the one not crossing the poverty line. Further, the educational status was also expected to be fairly higher among the group crossing the poverty line than among the group not crossing the poverty line than among the group not crossing the poverty line. Therefore, these four variables were included in the discriminant model specified.

The problem was to predict the group to which a particular beneficiary could be assigned on the basis of some function of the four predictor variables. The function was assumed to be of a linear form. A further objective was to identify the most useful predictor variable. The Discriminant function derived from the analysis is presented hereunder.

\[ I = X_1 + 4.13X_2 - 181.55X_3 + 46.25X_4 \]

\[ F \text{ value} = 0.00771527 \]

The percentages of misclassifications of the variables included in the Discriminant function are as follows:
variable $X_1 = 32.48$

variable $X_2 = 8.65$

variable $X_3 = 43.09$

variable $X_4 = 45.46$

The F value obtained in the above function 0.00771527 derived was significant enough to discriminate the two groups. Among the variables considered in the Discriminant function, variable $X_2$ viz., the Income of the household had the highest discriminating power as it had the lowest percentage (8.65) of misclassification. The variable $X_1$ viz., the consumption expenditure had the next highest discriminating power as it had 32.48 per cent of probable misclassification. The variables $X_3$ and $X_4$ followed in that order as could be observed from the above function.

Thus the Discriminant function derived could be applied to the real world situation by the authorities in identifying not only the prospective beneficiaries to be included under Priority Sector Advances, but also in identifying the beneficiaries who had crossed the poverty line after utilising the priority sector advances.

To sum up the above analysis reveals that priority sector lending has resulted in sizable employment generation and it was the highest in business unit. Employment generation was evident among the weaker section households. It was found that the assets had generated sizable income to the households and that a major portion of additional income was used for consumption purposes.
The propensity to consume was high among the scheduled castes. They spent more on food, liquor, narcotics, socio-religious and cultural items. The non-scheduled castes spent more on non-food items. An inverse relationship between income and percentage of expenditure was observed.

In terms of ownership of durable goods labour households had a lower standard of living than that of small and marginal farmer households. The scheduled castes had a lower standard of living than that of non-scheduled castes. The savings of the scheduled castes were lower than that of the non-scheduled castes.

The beneficiary households faced problems in getting the assistance, maintaining the assets and improving their levels of living. They had to incur heavy expenditure in getting the loan and asset. Most of them found the loan inadequate to buy the asset and the information insufficient. Added to these were exploitation by middlemen, lack of grazing land and veterinary facilities and competition from traders.

The banks faced the problems of identification of beneficiaries, provision of infrastructural and technical facilities and effective recycling of funds through timely recovery of loans. The unfavourable political climate, the misuse of credit, absence of facilities to train the borrowers and supervision of the end use of loan are the other problems.
The functional analysis undertaken to study the extent of influence made by various factors on the consumption expenditure of the beneficiaries households revealed that household income and family size had significant influence on the consumption expenditure of the family. The influence of educational status though positive, was not statistically significant.

In case of the five categories of beneficiary households, income, family size, education and social status have significant influence on the consumption expenditure. A negative relationship between consumption expenditure and educational status was observed in the categories of agricultural labourers and small farmers.

In case of scheduled caste class income and family size had positive influence on consumption expenditure. However educational status did not have significant influence. For the non-scheduled caste class also, income and family size were found to have positive influence.

Discriminant analysis was used to find out the factors that could differentiate the beneficiary crossing the poverty line from those who did not. Income of the household had the highest discriminating power followed by consumption expenditure. This analysis would be useful in identifying the prospective beneficiaries and those beneficiaries who had crossed the poverty line.